

FEATURING BEST PRACTICES OF STATE AGENCIES AND INSTITUTIONS OF THE COMMONWEALTH OF VIRGINIA

Conversion of Electrical Customer Status to Commercial Status

**Department of Corrections
implemented this best practice
in December 1998**

*Qualifying under the
Best Practices catalogue*

3 Provide Capabilities
31 Manage resources and capabilities
312 Deliver products and services to customers

Best Practice Summary (how it works, how you measure it)

During the summer of 1998, it was discovered that Lunenburg Correctional Center was rated for commercial electrical service but was paying the same as a residential rate for electrical service through Southside Electric Co-op (SEC). Furthermore, it was discovered that the commercial/residential rate is based upon peak utilization. A solution was to convert to Industrial status. This would provide a new rate which would be much lower and based on non-peak utilization, or the lowest possible rate. To qualify, the monthly KW utilization needed to exceed 1,000 KW's. LCC's consumption averaged 1,100 monthly. This rate change would reduce fees paid by as much as 40 - 50 %. Therefore, it was decided to convert to industrial status. This necessitated the following:

- a) LCC purchased SEC's equipment originally installed on prison site and paid SEC's original labor cost for installation - total cost of \$72,841;

- b) LCC purchased the annual maintenance agreement with SCE for \$500.00;
- c) Utilization of an alternate power source during peak periods, when notified by SEC;
- d) Installed remote start-stop devise for the generators at a cost of \$9,500.00.

In practice, peak periods as determined by SEC work out to an average of 3 hours per week. This has resulted in an approximate increase of \$ 831.00 in generator fuel consumption per year.

Impact on the Process Organizational Performance (OUTCOMES)

Since conversion, LCC has reduced electrical service fees by \$171,082.70. This represents a 49.21 % reduction in electrical costs through the first eleven billing periods since conversion. During the seventh month, the cost of conversion was recovered. An estimated total annual savings from this change is \$185,803.00. Operating on alternate power approximately 3 hours weekly has been beneficial, as it has helped to detect generator problems under test conditions and improve their readiness condition for emergency utilization. In a larger sense, this initiative has reduced energy consumption in this geographic area as a result of alternate power utilization during peak periods. This reduction has helped state government provide another example of the importance of and potential benefits that derive from operating in an environmentally responsible manner.

Best Practice Qualification

This initiative is the result of leadership asking the right questions and aggressively exploring alternatives to conventional approaches in an effort to protect and stretch the Commonwealth's resources. This initiative has resulted in other prison sites exploring similar ways of reducing energy consumption and related expenditures. Since not all electrical suppliers offer such opportunities, this option will not be available to every institution. However, by exploring possible avenues for containing resource consumption, and through innovation, greater success can be achieved, as has been the case at LCC.

For Additional Information

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